GOVERNMENT OF INDIA
PLANNING
LOK SABHA

UNSTARRED QUESTION NO:1348
ANSWERED ON:26.02.2003
CHANGES IN GADGIL FORMULA
MAHESHWAR SINGH

Will the Minister of PLANNING be pleased to state:

(a) whether the Union Government are deliberating over bringing changes in the Gadgil Formula in regard to the distribution of Central assistance to the States;

(b) if so, the details thereof along with the reasons therefor; and

(c) the steps being taken to ensure that the States performing well in tax collection and management of exchequer may not incur any loss as a result of such changes?

Answer

MINISTER OF STATE IN THE MINISTRY OF STATISTICS & PROGRAMME IMPLEMENTATION, MINISTER OF STATE IN THE MINISTRY OF PLANNING AND MINISTER OF STATE IN THE DEPARTMENTS OF ATOMIC ENERGY AND SPACE (SHRI MOOKHERJEE)

(a): The Planning Commission has received proposals from various State Governments to amend the existing Gadgil-Mukherjee formula for allocating Normal Central Assistance to State Plans. There is wide divergence in the views amongst the States in this regard. In general, while the advanced States have sought higher weightage for Performance, the less advanced States have sought higher weightage for Backwardness. This issue was considered in a meeting of the Full Planning Commission held on 27th & 29th June, 2001. Since revision in the Formula requires the approval of National Development Council (NDC), it was decided that given the difference of opinion among the State Governments and the sensitivity of this issue, it was necessary to discuss this further and evolve a consensus before alternatives are considered b`y the NDC.

(b) & (c) : Do not arise.